



Committee On Finance

Max Baucus, Chairman

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OPENING STATEMENT OF SENATOR MAX BAUCUS HEARING ON TRADE ADJUSTMENT ASSISTANCE July 19, 2001

Senator Bingaman, Senator Dachle, and a number of my other colleagues have been working for sometime to develop legislation to extend the Trade Adjustment Assistance program, a vital and too often overlooked part of American trade policy. With the program approaching expiration in just over two months, we plan to introduce legislation today and – after two days of hearings on the program this week – I plan to markup this legislation in September. I want to talk a little more about that proposal, but I first want to follow up on some of the comments made earlier in the week on fast track negotiating authority.

There has been a great deal of discussion about extending fast track in recent months and, as a longtime supporter of the benefits of free trade, I hoped and expected to be able to markup *this* legislation in September as well. Perhaps it is still possible to markup both in September. I hope so. Speaking frankly, however, there are problems.

In a markup earlier this week on a number of trade matters, several of my colleagues pressed hard for a commitment to mark up fast track legislation. But I could not in all honesty give a firm commitment on that markup because I am not convinced that any of the proposals thus far presented have the potential for commanding the bipartisan majority in both Houses that I believe is needed to pass a sound, workable fast track bill.

There is blame to be placed in several quarters for the situation we are now in. Much too my chagrin, the international trade debate has become increasingly fragmented and partisan. If there is any chance of bridging those gaps, leadership must be demonstrated by all sides.

On Trade Adjustment Assistance, the Administration promised a proposal in the President's budget, but they have yet to produce that promised proposal – even though TAA expires in just two months. Unfortunately, the Administration has declined to testify today – to defend its proposal or even to discuss ideas.

On the topic of fast track, the Administration has produced some vague principles, but made no serious legislative proposal. Despite promises of constructive compromise, the Administration seems unwilling to actually engage in the hard negotiations required to make fast track a reality.

In the House, there is still an effort to push forward with so-called “clean” legislation that ignores many issues, including the appropriate handling of trade and the environment.

In the Senate, some of my colleagues are opposing the U.S.-Jordan Free Trade Agreement because of very modest provisions in that agreement on labor and the environment. None of this is encouraging. Some seem to forget that real compromise requires all sides to modify their positions.

In the effort to advance the debate, I have decided to make proposals of my own in the near future. Today, with Senator Bingaman and Daschle, I will introduce legislation to renew and expand TAA. This legislation must be passed before the end of September and certainly must be passed before we pursue other major trade agreements.

At least within the Congress, I believe consensus is much closer on Trade Adjustment Assistance. The current program has many strengths. But it also has a number of shortcomings. With the program expiring soon, we in Congress have an opportunity to make it much better.

Surprisingly, we devote very few resources to assisting workers and their families adjust to new competitive pressures. Last year, we spent less than \$400 million dollars on TAA – a very small sum given the importance of the issue. While we must dedicate more resources to TAA, that doesn’t just mean throwing money at it. We must be smart about how we make improvements.

As many people know, Senator Bingaman has been looking at this issue for a number of years. Working with the strong support of Senator Daschle, we have drafted a bill, and plan to introduce that bill today. Let me talk briefly about a few key improvements included in the bill. First, we would expand TAA to cover secondary workers and workers affected by shifts in production.

Second, our bill would cover family farmers. We must have a program that recognizes the different circumstances that farmers face – and helps them **before** they are forced to go out of business. I joined Senator Conrad and Senator Grassley last month in introducing legislation that would do just that – and that legislation will be included in our TAA bill.

TAA must recognize that older workers face different challenges. We have proposed a “wage insurance” program for older workers. This recognize that some of the best training is on-the-job training, and encourages workers to move quickly to a new job by making up a portion of the income difference between their old job and their new job. We must help ensure that communities are not devastated by mass job loss. In a state like Montana, this is especially important. Training means little if there are no jobs. We need to help communities develop strategic plans, and give them technical assistance so they can adjust.

Finally, we must make TAA more accessible and less confusing. Programs must be consolidated and simplified. We in Congress have a responsibility to acknowledge that even under the best circumstances, changes in international trade and investment can result in job loss and economic hardship for some American workers and companies. We have a responsibility to assist those people – so that we can all enjoy the benefits of increased trade and investment.